



THE UK'S CASH MACHINE NETWORK

**Protecting access
to cash**



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Company Number 10535808

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THE FUTURE OF LINK

LINK's Strategic Plan

In early 2020 LINK set out its plan for the next three years; how LINK will manage the fall in cash usage in a way that ensures a smooth transition from cash to more digital payments. Since then, the country and indeed whole world has been in the grip of the coronavirus crisis and cash use has fallen faster than forecast, while the use of digital payments has increased dramatically. However, despite this acceleration, the fundamentals remain the same and LINK's objectives remain unchanged.

LINK's Strategic Plan is built around objectives that address the challenges that LINK will face. Delivering access to cash for UK consumers for as long as they need it is the focus of the access to cash objective. Maintaining confidence in the LINK Payment System is the focus of the operational resilience and risk management objectives. Retaining the support of large Members, without which LINK cannot exist, is the focus of the membership objective.

LINK's key objectives

- 1 Deliver satisfactory consumer access to cash in the UK
- 2 Ensure effective operational resilience of the LINK payment system
- 3 Ensure effective systemic risk management of the LINK payment system
- 4 Sustain a viable LINK membership

To support these objectives LINK, as a regulated systemic risk manager, has an extensive and sophisticated risk management approach that is subject to direct and detailed scrutiny by the Bank of England.

LINK is also regulated by the Payment Systems Regulator for optimal approaches to competition, innovation, and service users' interests.

Finally, LINK must have the resources to meet its objectives. LINK had already stress tested its resource plan and, even with the additional impact and uncertainty of the coronavirus crisis, remains satisfied it can meet its future requirements under a wide range of scenarios.

LINK in numbers

The LINK Scheme is the national ATM network that connects virtually all the UK's ATMs. LINK's role is to provide UK consumers with universal access to cash in a safe, convenient and rapid manner.



54,000
ATMs



35
Members



100m+
UK issued cards

In 2020

£81bn
withdrawn

1.6bn
transactions

1.0bn
cash withdrawals

30m
Average unique cards
a month

PREPARING FOR REFORM



Chairman's message
Sir Mark Boleat

LINK continues to work effectively with the Government, its regulators and the finance industry to maintain good access to cash despite the ongoing decline in cash usage for payments and the challenges of the coronavirus pandemic.



Overall ATM coverage remains excellent right across the UK. LINK is also a key player in the reforms being planned to ensure there is a sustainable access to cash system for as long as it is needed.

Cash withdrawals at ATMs by the end of 2021 will be almost half what they were just before the pandemic. Cash usage for payments continues to fall and the UK is moving relentlessly towards a low cash economy where most people use digital methods for making payments.

However, the UK is not ready to go fully digital yet with around five million consumers relying at some level on cash. LINK's role is to manage the reduction in an orderly manner so that no-one is left behind. LINK is a not-for-profit organisation with a clear public interest remit and it works closely with the Treasury, and our two regulators, The Bank of England and the Payment Systems Regulator. Maintaining access to cash for as long as is needed, while helping the UK move to a digitally inclusive future, are priorities for the Government, and LINK is pleased to do its part in achieving these.

Given the enormous changes underway in how the payments industry works, LINK welcomes the Government's intention to introduce legislation to support reform. LINK is also working closely with the Cash Action Group that is being led by UK Finance to develop the detail to support these reforms.

This will include further strengthening of LINK's very successful and widely admired Financial Inclusion Programme that guarantees free access to cash across the UK, support for the channels that can sit alongside ATMs such as the Post Office Counter Service and cashback, and direct engagement with communities to reassure them that their cash access is safe and that they can rely on LINK to resolve problems as they arise.

LINK is also working closely with its infrastructure provider Vocalink, part of the Mastercard Group, on the future development of the LINK infrastructure, and how this fits in with stakeholders' plans to develop the wider digital payments systems. Consumers need inclusive and safe access to both cash and digital systems. LINK intends to play its part fully in achieving these.

Given the changes underway in payments, I am delighted that a number of our longest serving Directors have accepted the Board's invitation to extend their terms. Retention of this experience will be vital as LINK moves into the next phase of its development. My thanks to my Board colleagues and to all the staff of LINK for their continued commitment and support and for responding so effectively to the challenges of the past year.



ENSURING INCLUSIVE AND SAFE ACCESS TO CASH



Chief Executive's report
John Howells

When I joined LINK ten years ago, six in ten payments were in cash. Just before the pandemic it had dropped to three in ten. Today it is approaching one in ten and still dropping. LINK's role is to maintain inclusive free cash access so that no consumer is left behind in this move to digital payments.



The move from cash to digital is not a policy decision of the Government or a choice of commercial companies. It is a consumer and business choice that is rapidly moving the UK to a low cash usage country. However, cash is still in heavy use across the UK. The average cash withdrawn by each adult last year was £1,500 and 57% claim to have used cash in the past two weeks. This varies enormously by location. In some places, at the height of lockdown, cash use dropped by as much as 80%. In other areas, it was as little as 20%. There is a clear link between how wealthy an area is, and how fast it has moved away from cash during COVID.

Now that the economy has opened up, the pattern is the same. Managing an effective national infrastructure in the face of such strong local variation is a key challenge for LINK and the country as cash cannot function properly overall if it stops working for some parts of the UK.

The cash infrastructure is not a utility or managed national organisation. It is made up of about fifty commercial organisations taking decisions based largely on profit and loss. This includes the 35 organisations with their ATMs and cards connected to LINK. The cost is enormous, estimated at some £5 billion a year. With volumes dropping so fast, that cost needs to come down. The risk is that closures of infrastructure will be based on profit rather than consumer need. It is vitally important that there is a managed reduction to maintain inclusive cash access for as long as it is needed.

That requires coordination amongst competing organisations and that is hard to do without legislative and regulatory help, which is why LINK is supportive of the Government's intention to legislate to protect cash.

In the meantime, LINK has agreed a short-term approach with the major card issuers to maintain access to cash across the country. This is done by an annual subsidy for otherwise unprofitable ATMs to maintain free ATMs at every UK high street of five or more shops, where there is not an alternative bank or Post Office access. That subsidy is currently running at £15m a year and is supporting around 3,000 ATMs across the country. If there

is a specific problem that the subsidy cannot solve, then LINK will commission an ATM directly following a request from the community and we have installed over 60 machines so far as a result of such requests. Communities needing help can contact us directly through the LINK website at <https://www.link.co.uk/consumers/community-request-scheme/>.

Finally, I would like to recognise the continuing outstanding work of LINK's staff through these challenging times. Delivering inclusive and safe access to cash is a priority for everyone at LINK and I would like to thank each and every one of them for their professionalism and energy.

John Howells



THE CORONAVIRUS CRISIS

Graham Mott
Director of Strategy, LINK

The impact of the coronavirus crisis has been profound. Old certainties around travel, work, leisure, health, privacy, personal freedom and responsibility have all changed. It is also increasingly obvious that some of the effects of coronavirus crisis will be permanent. It is proving to be a transformative event and history and memory will be divided between life before the crisis, and afterwards.



The coronavirus crisis has brought about many changes and almost no aspect of life has been unaffected. Governments across the world are still struggling to balance the challenges of economic recovery with protecting public health and many businesses are still working out how to adapt to the new ways of working and the changes in consumers' demands. However, as we look towards a world which can appear very different in many ways, we are perhaps just seeing an acceleration and magnification of trends which were already there. What we are seeing may just be the future, but in fast forward.

Consumers' use of cash has changed significantly through the pandemic. The chart below shows the close alignment between ATM usage and the degree of restrictions. The first lockdowns forced people to stay at home, boosting online shopping. Many sectors such as leisure and personal services (hairdressing and alike) faced long periods of enforced closure and significant restrictions when they reopened. Many people ventured out less often and then only for carefully planned trips, reducing the opportunities for spontaneous spending. Attempts to limit interactions, meant card and particularly contactless payments were encouraged and indeed some retailers continue to only accept cash reluctantly or not at all. This meant that, as the first lockdown took effect, ATM use fell by around 60%. Since then, while ATM use has risen and fallen with the imposition and relaxation of the various lockdowns, it is increasingly clear that cash usage, driven by increased use of card payments, home shopping and home working will never get back to the level it was before the crisis.

However, this is not the same everywhere. How we shop and spend our leisure time has changed, localism is the new pattern with convenience stores, local shops and smaller market towns all being busier while large regional shopping centres and city centres are still struggling to attract people. Working from home is now much more common, but the level varies enormously, with the most affluent and those in senior management positions often able to work from home, while those in service, leisure and operational roles have typically had to go in to work. This has affected ATM use and in time will affect where machines are located. Areas like Walton, Hodge Hill, Warley, Knowsley, Hull, Tottenham, Enfield and Bolsover have seen the smallest falls in ATM use while the City of London, the West End and Holborn have seen the largest falls, along with locations like airports, railway stations and large city and shopping centres. This can be seen on a local level with some locations which have had multiple ATMs, such as supermarkets, removing one of the machines while retaining the others.

Consumers' overall need for cash has reduced and is changing but many people use cash and LINK's own research shows that more than half of people have used cash in the past two weeks, even if 48% are expecting to use less cash in future. LINK therefore remains committed to supporting consumers' need for cash for as long as it is needed, maintaining the coverage of free-to-use ATMs in remote and rural locations and improving free access in the most deprived parts of the UK.

Value of cash dispensed as a % of pre-CV19



LINK BOARD MEMBERS



Sir Mark Boleat

Director and Chair

Sir Mark Boleat was appointed Chairman of Link Scheme Holdings Ltd in March 2017. For five years until May 2017 he was the Chairman of the City of London's Policy and Resources Committee, and in this capacity was also Deputy Chairman of TheCity UK (the promotional body for the UK finance industry) and the International Regulatory Strategy Group, a Vice Chair of London Councils and a Board Member of London and Partners. He is also Vice Chairman of the Advisory Board of the International Business and Diplomatic Exchange.

Sir Mark has been Chief Executive of three major trade associations: the Building Societies Association, the Council of Mortgage Lenders and the Association of British Insurers. More recently he has held a number of commercial, public sector and charity positions. Mark was awarded a knighthood for services to the financial services industry and local government in London in June 2017.



The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt)

The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt) – Senior Non-Executive Director and Chair of the Remuneration and Nominations Committees. Lord Hunt is Chair of the Financial Services Division of the international commercial law firm DAC Beachcroft LLP. David Hunt has been a parliamentarian for over 40 years, first as MP for Wirral, then Wirral West, from 1976-1997, subsequently as a life peer. He was a Minister in successive Governments for 16 years and a member of the Cabinets of both Margaret Thatcher and John Major.



John Howells

Director and Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is also a member of LINK's Consumer Council and a Non-Executive Director of MedCo. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.



John Gill

Director and Chair of the Risk Committee

John is also a Non-Executive Director and Chair of the Audit and Risk Committee for Quilter Investment Platform Limited and Quilter Life & Pensions Limited.



Liz Richards

Director and Chair of the Audit Committee

Liz has extensive experience as a CFO of private equity-backed business in the Fintech sector. She is also a Non-Executive Director and Chair of the Audit Committee of Tracsis plc. A Governor Director of Leeds Trinity University, Liz also chairs its Audit Committee and sits on its Remuneration Committee.



Bill Raynal

Director

Bill is an experienced banker having spent over 30 years with RBS Group where he was part of the wider Group Executive Team. Latterly, Bill was Chief Operating Officer of YourCash Europe Limited, an independent ATM deployer operating ATMs across Europe.



Tracey Graham

Director and Chair of the LINK Consumer Council

Tracey is also a Non-Executive Director of Royal London Group, where she is Chair of the Remuneration Committee, the Senior Independent Non-Executive Director of Ibstock plc and a Non-Executive Director of DiscoverIE plc and Chair of the Remuneration Committee. Tracey is also a Member of the City of London Court of Common Council and Governor of the City of London Freemans School.



David Rigney

Director

David is also a Non-Executive Director and Chair of the Group Risk Committee at Principality Building Society and ELEXON Limited (wholly owned subsidiary of National Grid). He has previously held numerous Non-Executive Director roles including Chairman of Bacs Payment Schemes Limited.

David is a qualified accountant and was previously a main Board Executive Director at Nationwide Building Society. Part of David's responsibilities at Nationwide covered payments including the ATM network. Other roles held at Nationwide included HR Director and Head of Nationwide Direct. David has a MBA from Manchester Business School and a MA in Sports History from De Montfort University.

SENIOR MANAGEMENT TEAM

John Howells

Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director.

Sue Wallace

Chief Operating Officer

Sue is LINK's COO and has over 40 years' experience of working in payments, having previously held senior roles at Barclaycard and Vocalink.

Adrian Roberts

Chief Commercial Officer

Adrian is responsible for innovation and development of industry structure for LINK. He was previously the Director of the UK ATM Business at the Bank of Ireland Group where he was responsible for over 2,700 ATMs. Adrian is a former LINK Board Director.

Graham Mott

Director of Strategy

Graham's role covers external relations, public relations, public affairs, and strategic issues like interchange, industry initiatives such as polymer, fraud management, and physical ATM crime.

Tom Sleight

Chief Risk Officer

Tom is responsible for risk management and regulatory compliance. He is a qualified solicitor, and was previously Risk and Compliance Director at TransUnion

Mike Knight

Finance Director

Mike is a qualified Chartered Accountant who has an extensive business career in both SMEs and large corporates.

Deanne Clifton

Chief Transformation Officer

Deanne was previously a Director at Ernst & Young in their Financial Services practice and has recently joined LINK as CTO, working closely alongside the COO in the operations area.



LINK MEMBERS

LINK currently has 35 Members consisting of banks, building societies, schemes, and independent ATM Operators (IADS). Membership is open to all on equal terms – existing Members have no say over who joins.

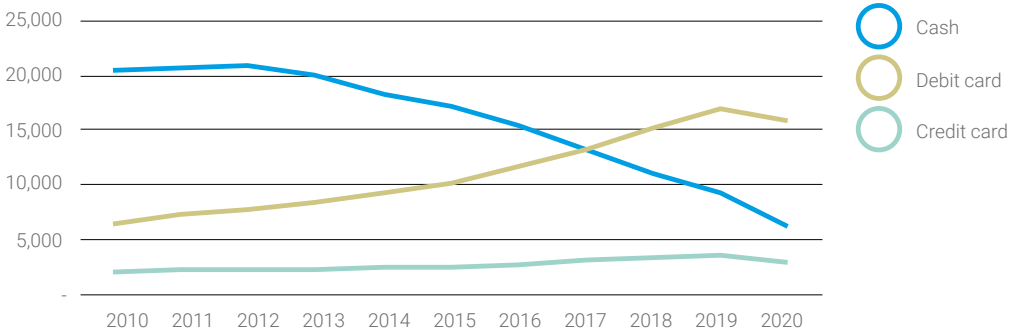
LINK Members July 2021

	Branch ATMs (Free-to-use)	Remote ATMs (Free-to-use)	Remote ATMs (Pay-to-use)	Total ATMs
AIB Group	24	40	–	64
American Express				Card issuer only
Bank of Ireland	51	1,634	–	1,685
Bank of Scotland	393	–	–	393
Barclays Bank	12	2	–	14
Barclays Bank UK	1,566	1,353	–	2,919
Cardtronics	–	9,391	6,934	16,325
ChangeGroup	–	92	33	125
Citibank	4	–	–	4
Clydesdale Bank	370	1	–	371
Cooperative Bank				Card issuer only
Coventry Building Society	49	7	–	56
Cumberland Building Society	20	–	–	20
Dominion ATM Banking Systems	–	11	101	112
G4S	1	2	–	3
Halifax	1,614	–	–	1,614
Handelsbanken				Card issuer only
HSBC UK	1,384	12	–	1,396
ICE Processing Technologies Ltd	–	87	5	92
Lloyds Bank	1,964	–	–	1,964
Metro Bank				Card issuer only
Moneycorp	–	38	–	38
Nationwide Building Society	1,337	1	–	1,338
NatWest	2,503	3,404	–	5,907
Northern Bank	94	104	–	198
NoteMachine	320	5,681	3,824	9,825
PayPoint	–	2,260	1,433	3,693
Sainsbury's Bank	–	1,343	–	1,343
Santander	1,805	4	–	1,809
Tesco				Card issuer only
Travelex	–	97	45	142
Triodos Bank				Card issuer only
TSB Bank	545	–	–	545
Yorkshire Building Society				Card issuer only
YourCash	–	1,514	350	1,864
Total LINK ATMs	14,056	27,078	12,725	53,859

STATISTICS SUMMARY

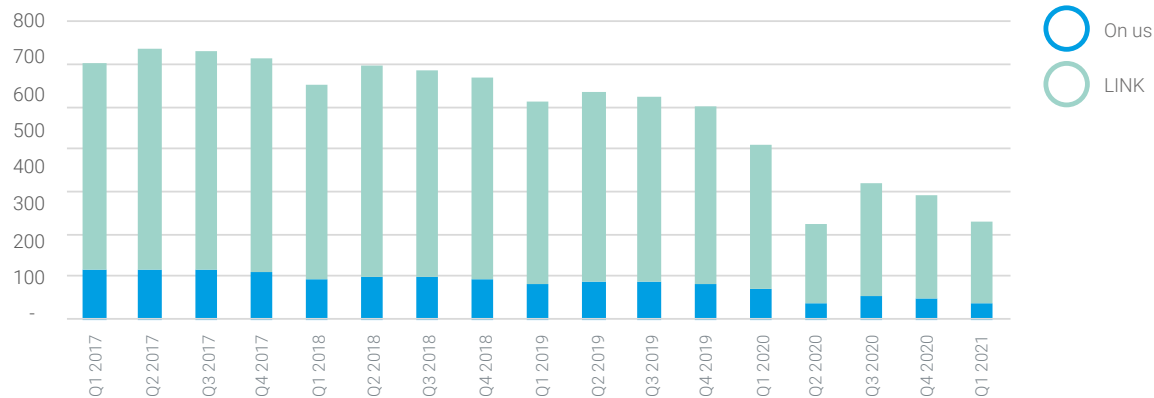
LINK provides weekly and monthly updates.
 See the LINK website
<https://www.link.co.uk/about/statistics-and-trends>

Number of payments (m)



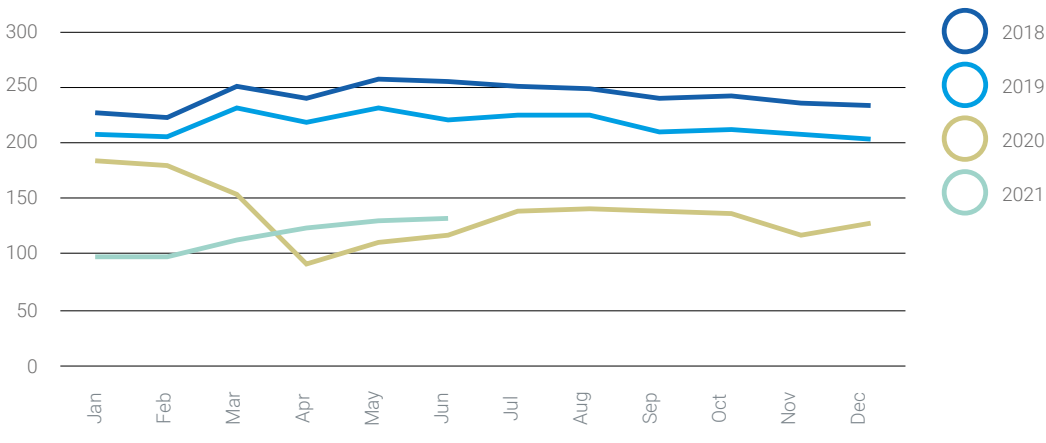
Source: UK Finance

Total ATM cash withdrawal volumes by quarter, including on-us ⁽¹⁾ (millions)



⁽¹⁾ On-us is where someone uses an ATM which belongs to their own bank or building society.

Monthly LINK transaction volumes (millions)

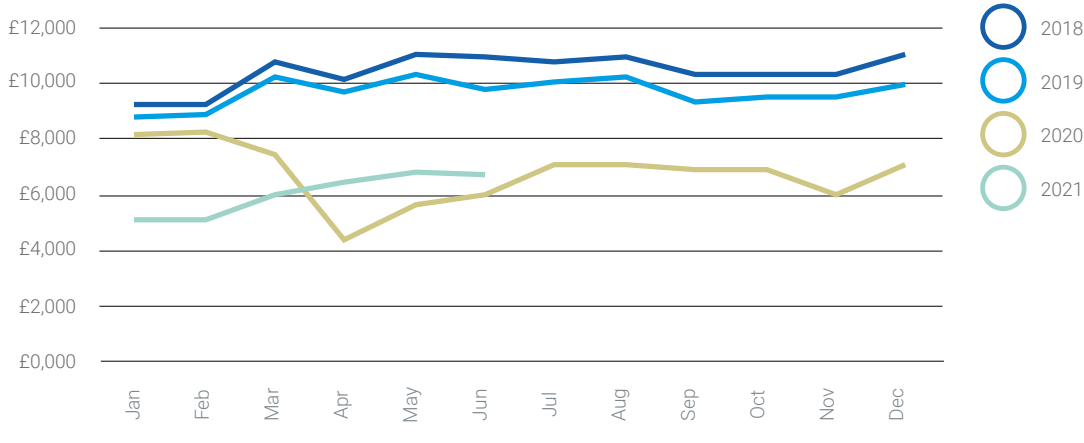


LINK also regularly posts updates on Twitter and LinkedIn.

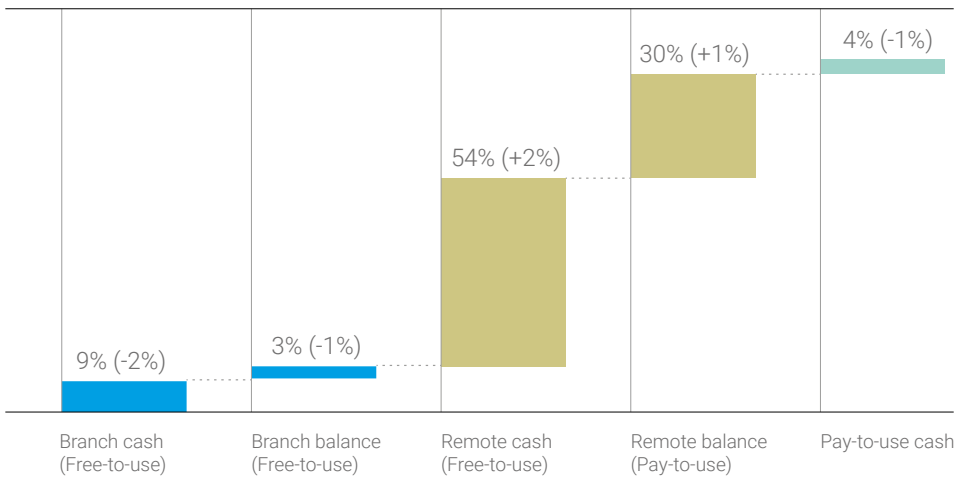
[LINK Scheme@LINK_ATM_Scheme](https://twitter.com/LINK_ATM_Scheme)

www.linkedin.com/company/link-atm-scheme

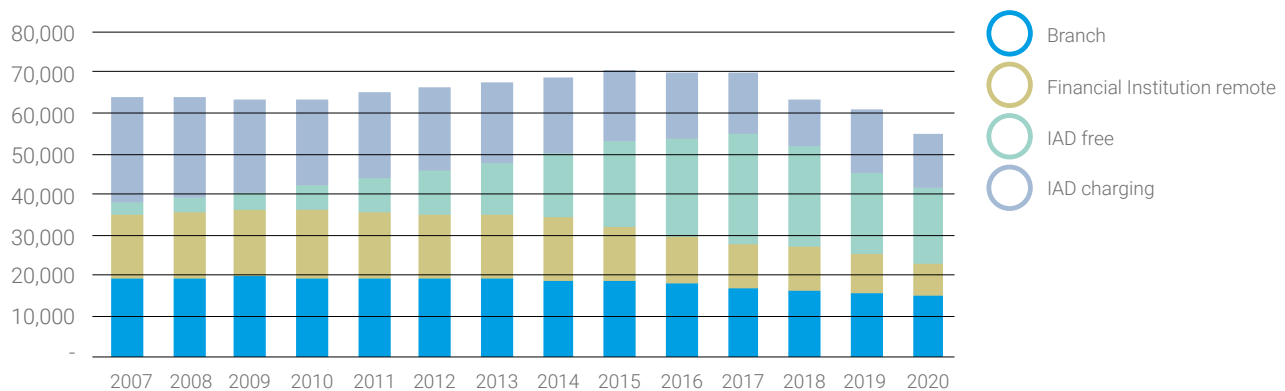
Monthly LINK transaction values (millions)



LINK transaction proportions 2021



Year end ATM numbers



CONSUMERS

LINK's Financial Inclusion Programme

LINK's Financial Inclusion Programme has focused on promoting the interests of the consumer since 2006. In 2020, the programme ensured LINK was well placed to support access to cash throughout the coronavirus pandemic.

Impact of COVID-19

COVID-19 had a profound effect on most peoples' lives. It also accelerated the long-term trend of consumers adopting new payment habits. Withdrawals at LINK ATMs plummeted, and many people took up new means of payment.

While this was a continuation of existing trends, accelerated by the unique context, it was not uniform across the country. In fact, the wealthiest areas of the country reduced withdrawing cash much more quickly than the most deprived areas of the country, see chart opposite. LINK analysed withdrawal rates and there was a clear correlation between the relative deprivation of an area and its continued reliance on cash. This trend demonstrated the importance of continuing to support deprived communities as the Programme has done since 2006.

Protecting Access to Cash

The onset of the COVID-19 pandemic threatened access to cash across the UK by reducing withdrawal volumes and threatening the commercial viability of ATMs. However, LINK's long established policies continued to support free cash access.

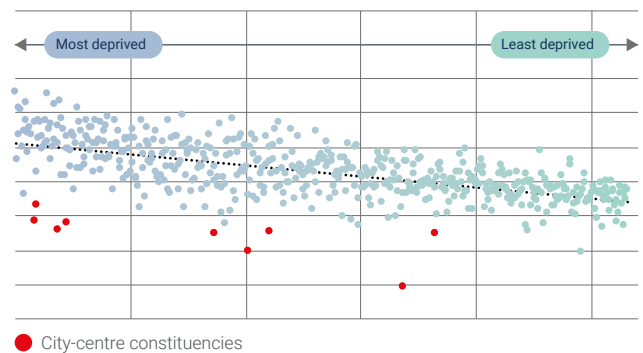
Protected ATMs

LINK continued to protect the geographic footprint of ATMs throughout 2020. Its monthly footprint report showed that the protected rate of interchange worked well to ensure ATMs in remote locations did not close despite significant commercial pressure resulting from reduced transactions. Studies by the University of Bristol, working with the FCA and PSR, confirmed the continued resilience of the cash network.

Low Volume Premiums

LINK utilised its low volume premium mechanism to respond rapidly to changes in transaction levels. The premium, which ensures that ATMs with low transaction volumes have a commercial subsidy, was reassessed quarterly, investing over £2m in ATMs which saw significant reductions in volume as a result of COVID-19.

Percentage reduction in withdrawals, year on year - English Constituencies



Supporting Communities

LINK recognises that its approach to financial inclusion cannot rely on geographic information or data alone. Throughout 2020 it continued to reach out to communities and invite them to highlight issues they have accessing cash.

LINK visited over 250 communities in 2020 and recommended improved cash access in around 100 locations. New ATMs have been installed in small villages, inner cities and market towns as a result of this work.

Barton

One community LINK has supported is Barton, in Oxford. When the Barton Community Association highlighted issues accessing cash locally, LINK visited and assessed the situation. Residents were being forced to either pay to get cash out or travel into town.

LINK therefore funded a free ATM in the community, which has helped people to budget and supported local traders too.

During 2020, LINK also trialed using social media to reach out to communities which may have access to cash issues. A successful pilot of this work showed that social media adverts could reach people who may not consume traditional media, including those in deprived and remote areas. The trial is now being developed into an important part of LINK's Financial Inclusion Programme.



CONSUMER SUPPORT

Consumer Council

The LINK Consumer Council has been acting as the guardian of cash since 2006. It provides advice on consumer issues relating to cash and payment preferences and ensures LINK's work is targeted at consumers. The work of the Consumer Council in protecting the interest of consumers is more important than ever, with falls in the overall demand for cash, accelerated by the coronavirus crisis, making the UK's ATM network more fragile than ever before.

The LINK Consumer Council consists of independent representatives and LINK Members and is chaired by Tracey Graham. The Council produces its own report towards the end of the year on the performance of LINK in supporting consumers..

- Tracey Graham** Chair (also a LINK Non-Executive Director)
- Lady Margaret Bloom CBE**
- Martin Kearsley** Post Office
- Eimear Duffy** Consumer Council of Northern Ireland
- Rachel Beddow** Citizens Advice
- Helen Walker** Department for Work and Pensions
- Sian Williams** Toynbee Hall
- Tim Allen** Barclays
- Adam Bailey** NatWest
- Iain Gibson** Sainsbury's Bank
- Nick Wiles** PayPoint
- Paul Maynard MP**



LINK ATM Locator App

LINK's free ATM Locator App allows consumers to see the location of all LINK ATMs. It also shows the location of every Post Office branch as consumers can use their usual high street bank card to withdraw cash for free at all Post Office counters. The Post Office network plays a vital role in providing free cash across the UK and LINK works with the Post Office to maintain free cash access across the country.



Fraud and crime prevention

Cash machines are a very safe way for consumers to access their accounts and avoid the risks of having to carry large amounts of cash or keep it at home. Millions of transactions are made through the LINK system every day and the chances of someone becoming a victim of ATM crime are very low. However, to make cash access even safer, LINK publishes security tips and online, downloadable guides to help consumers stay safe when using ATMs.

To help counter physical attacks on cash machines themselves, LINK supports the cross-industry ATM Security Working Group and it also runs and chairs the European Expert Group on Physical ATM Crime. LINK actively liaises with counterparts, technical experts and law enforcement bodies across the UK, Europe and the wider world to share intelligence and information as widely as possible.

LINK has also been a partner of Crimestoppers for over 10 years, giving people the opportunity to speak up anonymously and help stop crime.

MANAGING SYSTEMIC RISK

The effective management of risk is central to the success of a vital national payment system such as LINK.



Managing risk and resilience

LINK has a well-developed three lines of defence approach to maintaining operational performance and managing risk. This comprises a First Line operations function, a Second Line risk management and compliance function, and an independent third line Internal Audit function. The Board Risk Committee supports the Board in oversight.

LINK's response to the coronavirus crisis is an excellent example of the way in which LINK managed risk and maintains operational resilience. Throughout the coronavirus crisis LINK's First Line teams maintained critical operations, with the Second Line providing oversight of, and challenge to, key operational processes. Risk assessments were used throughout the crisis, and have been a critical tool in return to workplace planning, with risks identified and controls implemented in respect of those risks. Internal Audit provides additional insight via the Board Audit Committee.



Governance and regulation

As a payment systems operator, LINK is regulated by both the Payment Systems Regulator (PSR) and the Bank of England. The PSR is concerned with ensuring that LINK meets the needs of its service users, and is effective at competition and innovation. The Bank's focus is on ensuring that LINK manages systemic integrity effectively. Both regulators work closely with the LINK Board and management team.

LINK manages its internal governance through a Board, which is comprised of the CEO and a number of independent non-executive directors with a wealth of payments and financial services experience. The Board is supported by a number of sub-committees, including the Risk Committee, Audit Committee, and the Remuneration and Nominations Committee.

Audit Committee members

Liz Richards (Chair)
John Gill
Bill Raynal
David Rigney

Remuneration and Nominations Committee members

Lord David Hunt (Chair)
Sir Mark Boleat
Tracey Graham
David Rigney
Liz Richards (for nomination matters)

Risk Committee members

John Gill (Chair)
Sir Mark Boleat
Bill Raynal
David Rigney

FINANCIAL INFORMATION

Background

Link Scheme Holdings Ltd ("the Company") was incorporated on 21 December 2016 as a company limited by guarantee without share capital. Its guarantors are the LINK network Members. The Company is responsible for the running of the LINK Scheme through its wholly-owned subsidiary, Link Scheme Ltd. (together "the Group").

LINK's monthly fee income is primarily based on transaction volumes. The substantial reduction in ATM usage resulting from the coronavirus crisis has therefore led directly to a significant decline in revenue for the Group. LINK therefore announced a £4m member funding call on 25 March 2020 to cover the potential income shortfall for the year under an extreme but plausible worst-case scenario. Following approval by Members this was collected through LINK settlement on 4 May 2020.

In the end, the full year decline in LINK ATM transactions came out in the middle of the forecast range at 37% compared with 2019. This resulted in a surplus for the Group of £2,178,120 for the year (2019: deficit of £69,738) which was added to LINK's reserves in line with commitments made to regulators to strengthen financial resilience. The Group's reserves were also increased by a capital contribution from Members during the year of £579,309 in accordance with the CPMI-IOSCO Principles for Financial Market Infrastructures. The Group's capital and reserves have therefore increased to £6,208,115 at 31 December 2020 (£3,450,686 at 31 December 2019) representing a significant improvement to the Group's financial position.

The Company's financial statements, included within the Report and Financial Statements, are audited by the Company's auditor, PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Summary statement of comprehensive income for the year ended 31 December 2020

	2020	2019
	£	£
Turnover	13,272,246	9,171,121
Administrative expenses	(11,135,873)	(9,303,351)
Operating profit/(loss)	2,136,373	(132,230)
Interest receivable and similar income	41,747	62,492
Profit/(loss) before taxation	2,178,120	(69,738)
Tax on profit/(loss)	–	–
Profit/(loss) and total comprehensive (expenditure)/income for the financial year	2,178,120	(69,738)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income/(expense) for the year is all attributable to the owners of the parent company.

Turnover consists of monthly fees charged to Members by virtue of their membership of the LINK Scheme and fees for specific projects as agreed by the Members from time to time. Monthly fee turnover is recognised in the period to which it relates. Specific project turnover is recognised on an accruals basis and is matched with the expenditure in the period in which it is incurred. In 2020 a general budget funding call of £4m was made. This is included in turnover at the point of invoice. All turnover is shown net of VAT and other sales related taxes.

Deferred income - Development Fund

Under the Framework Agreement dated 6 April 2017 between Mastercard UK HoldCo Limited ("Mastercard"), VocaLink Holdings Ltd, VocaLink Limited (together "Vocalink") and Link Scheme Ltd, the parties agreed to implement certain remedies in order to satisfy the Competition and Markets Authority ("CMA") that, following the acquisition of Vocalink by Mastercard, the competition of the LINK Scheme network would not be substantially lessened. In addition, Mastercard agreed to make a payment of £2 million to the Group to establish a Development Fund for the purposes of developing and implementing innovative products and services relating to the LINK network. If the Group does not adhere to the conditions regarding the use of the Development Fund, then the Group will be liable to pay the appropriate funds back to Mastercard.

Turnover in relation to the Development Fund is recognised on an accruals basis and matched with the expenditure in the period in which it is incurred. Any costs incurred and allocated against the Development Fund is accounted for in the appropriate manner according to their nature.

An analysis of the Group's turnover is as follows:

	2020	2019
	£	£
Turnover analysed by class of business		
Membership fees	5,486,384	5,915,839
Members' funding calls - specific projects	3,602,671	2,679,208
Members' funding calls - general budget	4,000,000	-
Other, including Development Fund	183,191	576,074
	13,272,246	9,171,121

Summary statement of financial position as at 31 December 2020

	2020	2019
	£	£
Fixed assets		
Tangible assets	126,843	152,186
Current assets		
Debtors	659,421	603,051
Cash at bank and in hand	13,851,496	9,194,583
	14,510,917	9,797,634
Creditors: amounts falling due within one year	(7,192,919)	(6,404,087)
Net current assets	7,317,998	3,393,547
Total assets less current liabilities	7,444,841	3,545,733
Creditors: amounts falling due after more than one year	(1,236,726)	(95,047)
Net assets	6,208,115	3,450,686
Capital and reserves		
Capital contribution reserve	7,984,626	7,405,317
Profit and loss reserves	(1,776,511)	(3,954,631)
Total equity	6,208,115	3,450,686

Summary statement of changes in equity for the year ended 31 December 2020

The total equity of the Company at 31 December 2020 of £6,208,115 was derived from capital contributions of £7,984,626 less the accumulated deficit of £1,776,511.

The cumulative capital contributions came from three sources:

- Total of "advance payments" of Vocalink Limited's discount against the future payment processing fees it would charge to Members under its agreement for the provision of switching and settlement services were made to Link Scheme Ltd. Part of these advance payments were used to fund start up and transaction costs, particularly legal fees, incurred by Link Scheme Ltd in the setting up of the new arrangements between the various parties. The total of the advance payments made to the company for this purpose was £3,485,700.
- Under the restructuring arrangements with Vocalink Limited, in 2016 the surplus of the Scheme accumulated over its years of operation within that entity was transferred over to Link Scheme Ltd. The total amount transferred from Vocalink Limited was £825,514.
- In accordance with The Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commission (CPMI-IOSCO) Principles for Financial Market Infrastructures, the company must hold a reserve of at least 50% of operational expenditure. As such, an initial call of £1,580,000 was received and recognised as a capital contribution. Further calls of £680,802 in 2018, £833,301 in 2019 and £579,309 in 2020 have been received and recognised as capital contributions. The value of this reserve will be considered annually and amended in line with operational expenditure.

	Capital contribution reserve £	Profit and loss reserves £	Total equity £
Balance at 1 January 2019	6,572,016	(3,884,893)	2,687,123
Year ended 31 December 2019:			
Loss and total comprehensive expense for the year	-	(69,738)	(69,738)
Capital contribution	833,301	-	833,301
Balance at 31 December 2019	7,405,317	(3,954,631)	3,450,686
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	2,178,120	2,178,120
Capital contribution	579,309	-	579,309
Balance at 31 December 2020	7,984,626	(1,776,511)	6,208,115



THE UK'S CASH MACHINE NETWORK

If you would like to know more about LINK or have any suggestions or feedback, please get in touch.

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